

ROUTING

**Top Secret**

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NATIONAL INTELLIGENCE DAILY CABLE

Tuesday 14 November 1978 CG NIDC 78/265



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State Dept. review completed

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National Intelligence Daily Cable for Tuesday, 14 November 1978.

The NID Cable is for the purpose of informing senior US officials.

CONTENTS

IRAN: Further Violence Expected Page 1

LEBANON: Military Developments Page 2

FRANCE-NATO: Disarmament Session Page 5

ROMANIA: Lowered Growth Sights Page 6

## IRAN: Further Violence Expected

25X1 [ ] The expected confrontation yesterday between the Iranian military government and the opposition over the government's effort to break the oil strike and the arrest of two leaders of the opposition National Front did not materialize. The US Embassy believes, however, that students and other protestors will continue to test military authority in Tehran and that further violence can be expected in the next few days.

25X1 [ ] The use of military personnel in oil industry jobs and the return to work of about half of the oil sector's blue collar employees and most management personnel have enabled Iran to raise oil production over the past several days. Production edged up to 2.6 million barrels per day yesterday, and oil industry sources expect it to reach 3 million barrels per day today. If this level is attained, production and exports--about 2.5 million barrels per day--will have returned to almost half their pre-strike level.

25X1 [ ] Striking workers in other sectors have not responded uniformly to the government's back-to-work demands. Employees of the national airline went back to work, and service was restored to near normal. Telecommunications workers who had returned to their jobs were out again yesterday, and Health Ministry employees and the customs officials necessary to clear Iranian imports were among those who remained off the job. With supplies of gasoline improved, public and private traffic was reported heavy in Tehran following last week's lull.

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# LEBANON: Military Developments

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[REDACTED] //Lebanon's right-wing Phalange Party reportedly has begun to implement plans to expand its militia and to emphasize training on artillery and antitank weapons and in mountain warfare. The new steps strongly suggest that the Christians expect the Syrians to mount attacks into the mountainous Christian heartland in any future fighting. There were exchanges of machinegun, rocket, and mortar fire in Beirut last weekend, but the city was generally calm yesterday. The Maronites and the Palestinians are engaging in an extensive search for solutions to their major differences.//

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[REDACTED] Christian militias used artillery systematically for the first time in the fighting around Beirut early last month. While they apparently had some effect, the fact that they were positioned north of Beirut gave the Syrians a pretext for shelling villages in the Maronite heartland, most of which had not been drawn into the fighting since the civil war.

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[REDACTED] Should another round of clashes erupt, the Syrians may well step up efforts to carry the fighting further into the Maronite heartland. The militias probably believe the use of artillery and antitank weapons is necessary to raise the cost of any new fighting to the Syrians.

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[REDACTED]

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[REDACTED] Phalange militia chief Bashir Jumayyil, besides preparing for possible renewed fighting with the Syrians, is also concerned that the Lebanese Army will be used against the Maronite militias. Bashir probably ordered recent attacks aimed both at Army units and at government officials concerned with defense matters to demonstrate his disapproval of any attempt to use the Army to crack down on the militias.

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[REDACTED] Bashir's brother, Amin, has criticized these tactics and urged party chief Pierre Jumayyil to rein in Bashir. Pierre has supported the government's plan to rebuild the Army and to expand its security role, but he has also been reluctant to disavow Bashir's militant policies.

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[REDACTED] Amin and Fatah official Salah Khalaf met openly last month, and representatives of the two groups have held several private talks over the past few weeks.

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[REDACTED] Pierre Jumayyil and National Liberal Party chief Camille Shamun met separately on Friday with two Palestinian representatives. Shamun said after the meeting that he has no objection to a Palestinian presence in Lebanon "until their issue is settled." A Fatah official said the Palestine Liberation Organization had not authorized the meeting, but he was probably trying to keep all options open in case the dialogue falls through; the Palestinians are not likely to have attended the meeting without Fatah's approval.

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[REDACTED] The meetings have so far produced no substantive agreements, but they have eased the hostility between the two groups.

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## FRANCE-NATO: Disarmament Session

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*[redacted] //An unpublicized session of the North Atlantic Council last Thursday produced no consensus on the French proposal for a European disarmament conference, the centerpiece of the disarmament initiative announced by President Giscard in January. The Council is slated to reconsider the proposal early next year. The French emphasized their desire to hold a conference preparatory meeting sometime in 1979.//*

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*[redacted] //While the Allies welcomed Paris' increased interest in arms control negotiations, a number of them joined the US in expressing misgivings over the proposed conference, particularly its relationship to the East-West force reduction talks in Vienna and to the periodic reviews of compliance with the Helsinki agreement. The West Germans provided qualified but important support for the French proposal, saying the conference scheme and the Vienna negotiations were not incompatible.//*

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25X1 [REDACTED] //The French have yet to detail their ideas on the treatment of nuclear weapons at the proposed conference. French delegate Tine was unclear on that point last Thursday. He asserted that nuclear weapons must be excluded from the conference agenda, but he maintained in other remarks that systems capable of delivering both conventional and nuclear warheads would be part of the necessary reductions to be worked out in a conference.

25X1 [REDACTED]

#### ROMANIA: Lowered Growth Sights

25X1 [REDACTED] *Romanian President Ceausescu has lowered economic growth targets for 1979 because of resource shortages and balance of payments constraints. An economic plan announced this month implies a 5-percent growth of GNP for next year, contrasted with an average of about 6.1 percent planned and achieved during 1971-75 and originally planned through 1980. The new plan for increases in consumer income is also below recent plans and achievements. Slower income growth will aggravate consumer malaise and could have adverse political repercussions.*

25X1 [REDACTED] The lowering of 1979 growth sights probably reflects Ceausescu's recognition of hard-currency and resource constraints. Energy, labor, and hard-currency shortages and a mediocre harvest sharply cut economic growth last year. Similar problems this year will again keep agricultural and industrial production and investment well below targets. Output of coal, steel, cement, and machinery is particularly slow, with reduced exports.

25X1 [REDACTED] Ceausescu had hoped to keep growth up by boosting labor productivity with increased worker and management incentives. His promises to boost real wages significantly and to cut working hours have collided with a higher priority program of last March that ties wages more closely to production plans. Strict adherence to this program would probably reduce wages or require increased overtime work.

25X1 [REDACTED] Moreover, promises of greater decision-making powers for managers run counter to Ceausescu's push for greater centralized planning. Meanwhile, worker incentives to earn more are further undercut by continued consumer shortages, particularly of housing and meat supplies.

25X1 [REDACTED]

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